CHAPTER 228

## **GOVERNMENT - STATE**

SENATE BILL 05-185

BY SENATOR(S) Isgar, Evans, May R., Teck, and Wiens; also REPRESENTATIVE(S) Harvey, Penry, and Sullivan.

## AN ACT

CONCERNING STATE ADMINISTRATIVE HEARINGS.

Be it enacted by the General Assembly of the State of Colorado:

**SECTION 1.** 24-1-128 (7) (f), Colorado Revised Statutes, is amended to read:

- **24-1-128. Department of personnel creation.** (7) The department of personnel shall include the following administrative support services:
- (f) Division THE OFFICE of administrative hearings COURTS, the head of which shall be the executive director of the department of personnel. The division OFFICE of administrative hearings COURTS, created by part 10 of article 30 of this title, and its powers, duties, and functions are transferred by a **type 2** transfer to the department of personnel as a division OFFICE thereof.
- **SECTION 2.** 24-30-1001, Colorado Revised Statutes, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:
- **24-30-1001. Office of administrative courts.** (1) Effective July 1, 2005, there is hereby created the office of administrative courts in the department of personnel, the head of which shall be the executive director of the department of personnel. The office of administrative courts shall exercise its powers, duties, and functions as a **type 2** agency.
- (2) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF PERSONNEL SHALL ESTABLISH AND MAINTAIN ADMINISTRATIVE OFFICES AND COURTS FOR THE OFFICE OF ADMINISTRATIVE COURTS IN DENVER, AND IN THE SOUTHERN REGION AND ON THE WESTERN SLOPE OF THE STATE, IN ADDITION TO SUCH OTHER OFFICES AND COURTS AS THE EXECUTIVE DIRECTOR DEEMS NECESSARY TO CARRY OUT THE POWERS, DUTIES,

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

AND FUNCTIONS OF THE OFFICE OF ADMINISTRATIVE COURTS.

- **SECTION 3.** 24-30-1003 (2), Colorado Revised Statutes, is amended, and the said 24-30-1003 is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:
- **24-30-1003.** Administrative law judges appointment qualifications standards of conduct. (1.5) The director of the office of administrative courts shall appoint and assign administrative law judges to hear particular cases or classes of cases that come before the office of administrative courts in a manner that, in the discretion of such director, is necessary and appropriate to provide services to each state agency.
- (2) Any administrative law judge shall be an attorney-at-law in good standing and admitted to practice law in this state, with five years' experience practicing law MEET THE SAME QUALIFICATIONS AS A DISTRICT COURT JUDGE AS PROVIDED IN SECTION 11 OF ARTICLE VI OF THE STATE CONSTITUTION.
- (5) In addition to the authority set forth in section 24-4-105 or as otherwise provided by Law, administrative law judges in the office of administrative courts shall have the power to:
- (a) ISSUE SUBPOENAS, ADMINISTER OATHS, AND CONTROL THE COURSE OF TRIALS AND OTHER PROCEEDINGS BEFORE THEM; AND
- (b) Engage in or encourage the use of alternative dispute resolution as appropriate.
  - SECTION 4. 1-45-111.5 (2), Colorado Revised Statutes, is amended to read:
- 1-45-111.5. Duties of the secretary of state enforcement. (2) The prevailing party in a private A PARTY IN ANY action brought to enforce the provisions of article XXVIII of the state constitution or of this article shall be entitled to the recovery of such the party's reasonable attorney fees and costs from any attorney or party who has brought or defended the action, either in whole or in part, upon a determination by the office of administrative courts that the action, or any part thereof, lacked substantial justification or that the action, or any part thereof, was interposed for delay or harassment or if it finds that an attorney or party unnecessarily expanded the proceeding by other improper conduct, including, but not limited to, abuses of discovery procedures available under the Colorado rules of civil procedure. For purposes of this subsection (2), "lacked substantial justification" means substantially frivolous, substantially groundless, or substantially vexatious.
  - **SECTION 5.** 1-11-208 (1), Colorado Revised Statutes, is amended to read:
- **1-11-208.** Contests for state senator or representative. (1) The election of any person as a state senator or a member of the state house of representatives may be contested by any eligible elector of the district to be represented by the senator or representative. Each house of the general assembly shall hear and determine election

contests of its own members. In furtherance of resolving such a contest, the house of the general assembly before which any contest is to be tried shall certify questions pursuant to section 1-11-208.5 to the division OFFICE of administrative hearings COURTS for referral to an administrative law judge. who is subject to employment under section 1-45-111.

**SECTION 6.** 1-11-208.5 (1), Colorado Revised Statutes, is amended to read:

**1-11-208.5.** Certification of questions to administrative law judge. (1) The house of the general assembly in which any contest for senator or representative, as applicable, is to be tried shall certify questions to the division OFFICE of administrative hearings COURTS for referral to an administrative law judge. Who is subject to employment under section 1-45-111. Such THE questions shall relate exclusively to the election returns in the district and the number of votes cast for each of the candidates for the contested seat. No question may be certified regarding the eligibility or qualification of any person for the contested office.

**SECTION 7.** 5-6-104 (1) (h), Colorado Revised Statutes, is amended to read:

- 5-6-104. Powers of administrator harmony with federal regulations reliance on rules. (1) In addition to other powers granted by this code, the administrator, within the limitations provided by law, may:
- (h) Employ administrative law judges from the division OFFICE of administrative hearings COURTS in the department of personnel to conduct hearings on any matter within the administrator's jurisdiction;

**SECTION 8.** 8-20.5-107 (5), Colorado Revised Statutes, is amended to read:

**8-20.5-107.** Enforcement orders - civil penalties. (5) Within twenty working days after the informal conference, the director of the division of oil and public safety shall uphold, modify, or strike the allegations of the notice of violation and may issue an enforcement order. The decision shall be served upon the alleged violator personally or by certified mail, return receipt requested. Such notice of violation or enforcement order may be appealed within twenty working days to the executive director of the department. The executive director of the department may either conduct the hearing personally or appoint an administrative law judge from the division OFFICE of administrative hearings COURTS in the department of personnel to conduct the hearing. The executive director of the department may review such decision in accordance with the provisions of section 24-4-105, C.R.S., and final agency action shall be determined in accordance with the provisions of said section. Such final agency action shall be subject to judicial review in accordance with section 24-4-106, C.R.S.

**SECTION 9.** 8-42-125, Colorado Revised Statutes, is amended to read:

**8-42-125. Data gathering on workers' compensation system.** The governor and the leader of the opposing party in the house of representatives and the leader of the opposing party in the senate shall contract with a person or entity for obtaining information on the workers' compensation system. The person or entity gathering such THE information shall work solely at the unanimous direction of the governor

and such THE opposition leadership. Issues or topics which THAT will be subject to such THE information gathering process shall be determined by unanimous decision of the governor and such THE opposition leadership. The contractor for the gathering of such THE information shall have complete access to all records of and files in the division of workers' compensation and the division OFFICE of administrative hearings COURTS. Such contractor shall guarantee that any information gathered on any individual shall be kept confidential.

**SECTION 10.** 8-43-103 (2), Colorado Revised Statutes, is amended to read:

**8-43-103. Notice of injury - time limit.** (2) The director and administrative law judges employed by the division OFFICE of administrative hearings COURTS shall have jurisdiction at all times to hear and determine and make findings and awards on all cases of injury for which compensation or benefits are provided by articles 40 to 47 of this title. Except in cases of disability or death resulting from exposure to radioactive materials, substances, or machines or to fissionable materials, or any type of malignancy caused thereby, or from poisoning by uranium or its compounds, or from asbestosis, silicosis, and anthracosis, the right to compensation and benefits provided by said articles shall be barred unless, within two years after the injury or after death resulting therefrom, a notice claiming compensation is filed with the division. This limitation shall not apply to any claimant to whom compensation has been paid or if it is established to the satisfaction of the director within three years after the injury or death that a reasonable excuse exists for the failure to file such notice claiming compensation and if the employer's rights have not been prejudiced thereby, and the furnishing of medical, surgical, or hospital treatment by the employer shall not be considered payment of compensation or benefits within the meaning of this section; but, in all cases in which the employer has been given notice of an injury and fails, neglects, or refuses to report said injury to the division as required by the provisions of said articles, this statute of limitations shall not begin to run against the claim of the injured employee or said employee's dependents in the event of death until the required report has been filed with the division.

**SECTION 11.** 8-43-201, Colorado Revised Statutes, is amended to read:

**8-43-201. Disputes arising under "Workers' Compensation Act of Colorado".** The director and administrative law judges employed by the division OFFICE of administrative hearings COURTS in the department of personnel shall have original jurisdiction to hear and decide all matters arising under articles 40 to 47 of this title; except that the following principles shall apply: A claimant in a workers' compensation claim shall have the burden of proving entitlement to benefits by a preponderance of the evidence; the facts in a workers' compensation case shall not be interpreted liberally in favor of either the rights of the injured worker or the rights of the employer; and a workers' compensation case shall be decided on its merits.

**SECTION 12.** 8-43-206 (1) and (2), Colorado Revised Statutes, are amended to read:

**8-43-206. Settlement conference procedures.** (1) Any employee, insurer, or employer, if self-insured, involved in a dispute arising under articles 40 to 47 of this title may request settlement conference services from the director or the division OFFICE of administrative hearings COURTS in the department of personnel. However,

such settlement procedures are optional and entirely voluntary, and no such procedures shall be conducted without the consent of both parties to the dispute.

(2) Settlement conferences shall be conducted by a settlement conference officer who may be a prehearing administrative law judge or an administrative law judge in the division OFFICE of administrative hearings COURTS in the department of personnel appointed pursuant to section 24-30-1003, C.R.S., and assigned to hear disputes arising under articles 40 to 47 of this title. The parties may agree on the selection of a settlement conference officer; except that such officer shall not be the administrative law judge who is regularly assigned to hear the employee's case. If the parties fail to agree on the selection of such officer, they may apply to the director or to the division OFFICE of administrative hearings COURTS for the designation of a settlement conference officer who shall not be the administrative law judge who is regularly assigned to hear the employee's case.

**SECTION 13.** 8-43-207.5 (1), Colorado Revised Statutes, is amended to read:

8-43-207.5. Prehearing conferences. (1) Notwithstanding any provision of articles 40 to 47 of this title to the contrary, at any time not less than ten days prior to the formal adjudication on the record of any issue before the director or an administrative law judge in the division OFFICE of administrative hearings COURTS, any party to a claim may request a prehearing conference before a prehearing administrative law judge in the division of workers' compensation for the speedy resolution of or simplification of any issues and to determine the general readiness of remaining issues for formal adjudication on the record. The issues addressed in such prehearing conference shall be limited to: Ripeness of legal, but not factual, issues for formal adjudication on the record before the director or an administrative law judge in the division OFFICE of administrative hearings COURTS; discovery matters; and evidentiary disputes. The filing of an application for hearing with the division OFFICE of administrative hearings COURTS shall not be a prerequisite to a request for a prehearing conference under this section. The director and the administrative law judges in the division OFFICE of administrative hearings COURTS may also request a prehearing conference under this section.

**SECTION 14.** 8-43-209 (1), Colorado Revised Statutes, is amended to read:

**8-43-209.** Time schedule for hearings - establishment. (1) The director of the division OFFICE of administrative hearings COURTS shall establish a time schedule for hearings by administrative law judges within the time limits for such THE hearings as established in this section. Hearings shall be heard within eighty to one hundred days after the occurrences listed in section 8-43-211 (2). One extension of time of no more than sixty days shall be granted by an administrative law judge upon agreement of the parties.

**SECTION 15.** The introductory portions to 8-43-211 (1) and (2) and 8-43-211 (2) (b) and (2) (c), Colorado Revised Statutes, are amended to read:

**8-43-211. Notice - request for hearing.** (1) At least thirty days prior to any hearing, the division OFFICE of administrative hearings COURTS in the department of personnel shall send written notice to all parties by regular mail. The notice shall:

- (2) Hearings shall be set by the division OFFICE of administrative hearings COURTS in the department of personnel within eighty to one hundred days after any of the following occur:
- (b) Any party requests a hearing on issues ripe for adjudication by filing a written request with the division OFFICE of administrative hearings COURTS in the department of personnel on forms provided by the division. Such OFFICE. THE request shall be mailed to all parties at the time they are filed with the division OFFICE of administrative hearings COURTS. After the filing of such THE requests, the division OFFICE of administrative hearings COURTS in the department of personnel shall set the matter for hearing insofar as is practicable in the order in which requests are received by the division OFFICE of administrative hearings COURTS.
- (c) Any party or the attorney of such party sends notice to set a hearing on issues ripe for adjudication to opposing parties or their attorneys. The director of the division OFFICE of administrative hearings COURTS shall determine the place and time or times during which settings can be made. At such setting, the party requesting the setting shall submit a completed request for hearing form. Any notice to set shall be mailed to opposing parties at least ten days prior to the setting date.

**SECTION 16.** 8-43-213 (2), Colorado Revised Statutes, is amended to read:

**8-43-213. Transcripts.** (2) Any party in interest may order a transcript at any time from a hearing reporter, a court reporter provided by any party, or, if the hearing is recorded, from the division. For purposes of a petition to review, a transcript shall be all testimony taken which THAT is relevant to the issue being appealed. In the preparation of transcripts, hearing reporters shall give preference to transcripts as part of the record in a petition to review; except that all transcripts shall be prepared and filed with the division OFFICE of administrative hearings COURTS within twenty-five working days after the date they were ordered. Hearing reporters shall be paid for transcripts and copies at the rate set by the supreme court for reporters in courts of record. If a court reporter is unable to meet the time limit specified in this section, any party, at its own expense, or the administrative law judge may contract with another court reporter to ensure the timely preparation of transcripts.

**SECTION 17.** 8-47-101 (3) (d) (II), Colorado Revised Statutes, is amended to read:

8-47-101. Division of workers' compensation - creation - powers, duties, and functions - transfer of functions and property - change of statutory references. (3) (d) (II) Commencing in the 1992 legislative session and at least every four years thereafter, the general assembly shall provide for the conduct of a performance review by the state auditor of the administrative law judges in the division OFFICE of administrative hearings COURTS who hear cases under articles 40 to 47 of this title. Such THE review shall include, but not be limited to, the following topics: The time elapsed from the date of hearing until decisions are rendered by such THE administrative law judges; the time elapsed from the point at which the file is complete and the case is ready for order until the decision is rendered by such THE administrative law judges; the number of decisions that are reversed upon appeal to the industrial claim appeals panel and to the court of appeals respectively; the workload or number of cases assigned to each administrative law judge; and the

public perception of the quality of the performance of the division OFFICE of administrative hearings COURTS with respect to matters arising under the "Workers' Compensation Act of Colorado".

**SECTION 18.** 8-47-107, Colorado Revised Statutes, is amended to read:

**8-47-107. Adoption of rules.** The director has the power to adopt reasonable and proper rules and regulations relative to the administration of articles 40 to 47 of this title and proper rules and regulations to govern proceedings and hearings of the division, and the director has the discretion to amend said THE rules and regulations from time to time. No such rule shall limit the jurisdiction of an administrative law judge in the division OFFICE of administrative hearings COURTS to hear and decide all matters arising under articles 40 to 47 of this title. Such THE rules and regulations shall be promulgated in accordance with section 24-4-103, C.R.S.

**SECTION 19.** 12-6-119, Colorado Revised Statutes, is amended to read:

**12-6-119. Procedure for denial, suspension, or revocation of license - judicial review.** The denial, suspension, or revocation of licenses issued under this part 1 shall be in accordance with the provisions of sections 24-4-104 and 24-4-105, C.R.S.; except that the discovery available under rule 26 (b) (2) of the Colorado rules of civil procedure is available in any proceeding conducted by the board. The board may appoint an administrative law judge pursuant to part 10 of article 30 of title 24, C.R.S., or a hearing officer from among its membership to conduct hearings for the board. Hearings conducted by a hearing officer appointed from the board membership shall be in accordance with procedures established by the board. Hearings conducted before an administrative law judge shall be in accordance with the rules of procedure of the division OFFICE of administrative hearings COURTS. The court of appeals shall have initial jurisdiction to review all final actions and orders that are subject to judicial review of the board. Such proceedings shall be conducted in accordance with section 24-4-106 (11), C.R.S.

**SECTION 20.** 12-55.5-106 (2), Colorado Revised Statutes, is amended to read:

**12-55.5-106. Disciplinary actions - grounds for discipline.** (2) Any proceeding to deny, suspend, revoke, or place on probation a registration shall be conducted pursuant to sections 24-4-104 and 24-4-105, C.R.S. The director may use an administrative law judge employed by the division OFFICE of administrative hearings COURTS in the department of personnel to conduct hearings. Any person whose registration is denied, suspended, placed on probation, or revoked shall pay for the costs incurred in bringing and conducting such proceeding.

SECTION 21. 24-4-105 (3), Colorado Revised Statutes, is amended to read:

**24-4-105. Hearings and determinations.** (3) At a hearing only one of the following may preside: The agency, an administrative law judge from the division OFFICE of administrative hearings COURTS, or, if otherwise authorized by law, a hearing officer who if authorized by law may be a member of the body which comprises the agency. Upon the filing in good faith by a party of a timely and sufficient affidavit of personal bias of an administrative law judge or a hearing officer or a member of the agency or the agency, the administrative law judge, hearing

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officer, or agency shall forthwith rule upon the allegations in such affidavit as part of the record in the case. An administrative law judge or a hearing officer may at any time withdraw if he OR SHE deems himself OR HERSELF disqualified or for any other good reason in which case another administrative law judge or hearing officer may be assigned to continue the case, and he OR SHE shall do so in such manner that no substantial prejudice to any party results therefrom. An agency or a member of an agency may withdraw for any like reason and in like manner, unless his OR HER withdrawal makes it impossible for the agency to render a decision.

- **SECTION 22.** 24-50.3-104 (3) (g), Colorado Revised Statutes, is amended to read:
- **24-50.3-104. Powers and duties of executive director.** (3) In order to perform these duties, the executive director shall have the power to:
- (g) Promulgate procedural rules governing the conduct of hearings before the division OFFICE of administrative hearings COURTS.
- **SECTION 23.** 25-7-508 (1) and (3), Colorado Revised Statutes, are amended to read:
- **25-7-508.** Grounds for disciplinary action letters of admonition denial of certification suspension, revocation, or refusal to renew requirement for corrective education administrative fines. (1) When an application for certification pursuant to section 25-7-505, 25-7-506, or 25-7-507 is denied by the division, the applicant may contest the decision of the division by requesting a hearing before the division OFFICE of administrative hearings COURTS. A request for a hearing must be made within thirty calendar days after the division has issued a denial of the application in writing to the applicant. Such THE hearing shall be held pursuant to section 25-7-119.
- (3) A person aggrieved by an action taken by the division pursuant to subsection (2) of this section may contest the action by requesting a hearing before the division OFFICE of administrative hearings COURTS within thirty days after the applicant is notified in writing of the division's action. Such THE hearing shall be held pursuant to section 25-7-119. Any person aggrieved by an action taken by the division OFFICE of administrative hearings COURTS pursuant to subsection (2) of this section may appeal such THE action to the court of appeals in accordance with section 24-4-106 (11), C.R.S.
  - **SECTION 24.** 25-15-308 (3) (a), Colorado Revised Statutes, is amended to read:
- **25-15-308. Prohibited acts enforcement.** (3) (a) Any appeal of an order issued by the department pursuant to this section shall be taken in accordance with the provisions of this section. Notice of appeal shall be filed by personal service or by registered mail, return receipt requested, with the division OFFICE of administrative hearings COURTS in the department of personnel, with the executive director of the department or the executive director's designee, and with the commission in the case of an appeal of an administrative law judge's determination concerning an administrative penalty assessment. Notice of appeal shall be filed no later than thirty calendar days after the effective date of the order which is the subject of the appeal.

**SECTION 25.** 25.5-1-107 (1) (c), Colorado Revised Statutes, is amended to read:

25.5-1-107. Final agency action - administrative law judge - authority of executive director - direction to seek waiver of single state agency requirement.

(1) (c) The state department, in consultation with the division OFFICE of administrative hearings COURTS in the department of personnel, is directed by the general assembly to request any waivers from the appropriate federal authorities or agencies which THAT have the authority to waive the single state agency requirement for the administration of a grant program with respect to the procedures for final agency action that are set forth in subsection (2) of this section. In developing the waiver request as required under this section, the state department shall consult with any appropriate advisory committees and other interested parties regarding the contents of such THE waiver request.

**SECTION 26.** 26-1-106 (1) (c), Colorado Revised Statutes, is amended to read:

**26-1-106.** Final agency action - administrative law judge - authority of executive director - direction to seek waiver of single state agency requirement. (1) (c) The state department, in consultation with the division OFFICE of administrative hearings COURTS in the department of personnel, is directed by the general assembly to request any waivers from the appropriate federal authorities or agencies which THAT have the authority to waive the single state agency requirement for the administration of a grant program with respect to the procedures for final agency action that are set forth in subsection (2) of this section. In developing the waiver as required under this section, the state department shall consult with any appropriate advisory committees and other interested parties regarding the contents of such THE waiver request.

SECTION 27. 26-2-127 (3), Colorado Revised Statutes, is amended to read:

**26-2-127. Appeals.** (3) The state department, the department of health care policy and financing, and the division OFFICE of administrative hearings COURTS in the department of personnel shall work together to streamline the process for the appeal of disputes that are not resolved at the county level and shall consider proposed legislative changes or federal waivers for the successor program to aid to families with dependent children in order to address changes in the appeals process to avoid or mitigate expenses to counties of maintaining benefits during the pendency of state-level appeals.

**SECTION 28. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: June 1, 2005